

REPORT

C. INFORMATION REPORT

25X1

DATE DISTR. 24 February 1955

NO. OF PAGES

NO. OF ENCLS.

SUPPLEMENT VI.

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1. German Council of Ministers sent to the Staatssekretariat Kraftverkehr und Strassenwesen (State Secretariat of Automobile Traffic and Road Building) (SKS) Soviet Sector, Berlin, the draft of a decree concerning alterations of the 1954 investment plan and asking the SKS to take a stand by 26 August 1954.
2. The draft directed that articles 16 and 17 of "Anordnung zur Durchfuehrung des Investitionsplanes und Generalreparaturplanes" (Instructions for the Performance of the Investment Plan and General Repair Plan), dated 15 February 1954, and published in "Gesetzblatt der Deutschen Demokratischen Republik" (Gazette of the German Democratic Republic) No 22 of 25 February 1954, page 184, be cancelled, thus forbidding the investment and plan executives to decide on alterations of the investment plan.
 - a. According to this draft, funds for displacements of industrial plants and parts of plants can no longer be transferred from the 1954 investment plan.
 - b. Only displacements rendered necessary by damage from floods are excepted from this proviso. The draft also provides that all construction projects, which had not been taken on hand by the date the decree became valid, be cancelled from the 1954 investment plan, and that the construction of buildings which had been initiated and for which no special account had been opened at the Deutsche Investitionsbank (German Investment Bank) (DIB) in East Berlin, be discontinued. Only the Praesidium of the Council of Ministers would be authorized to make any exceptions in the construction of new projects. The draft also included a general reduction of 20 percent of "miscellaneous items" in the 1954 investment plan.

SECRET

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- c. The reductions mentioned under this paragraph (par.2) were estimated to be 118,000,000 eastmarks in the draft.
3. In addition to the above reductions, the investment plans of the various East German central authorities were also to make reductions amounting 110,000,000 eastmarks in 1954. The ministries mainly affected were the Ministry of Agriculture and Forestry, the Railroad Ministry, and the Ministry of Post and Telecommunications.
4. It was believed that the intended reductions of the 1954 investment plan were mainly due to the necessity of balancing an error which occurred in the estimates of the funds for the raising of the living standard of the population. At the Fourth SED Party Meeting, the sum of 545,000,000 eastmarks in the 1954 budget had been promised for this purpose. It was learned, however, that only 208,000,000 eastmarks could be made available from budget funds, including 200,000,000 eastmarks from the profits gained by the national economy, and the remainder from reductions of the funds provided in the 1954 budget for physical culture and sports. The funds still lacking were to be balanced by cut in the 1954 investment plan, as the checking of investment expenses carried out at all ministries and state secretariate resulted in a total saving of 17,000,000 eastmarks. Since the reductions provided by the draft of the Praesidium of the Council of Ministers only amounted to 228,000,000 eastmarks, a total of 453,000,000 eastmarks only would be available for the raising of the living standard of the population instead of 545,000,000 eastmarks originally provided. It should also be remarked that the checking of the investment expenses performed in June and July 1954 was due to the reduction of the figures checked for 1955, and that this action already provided for the discontinuation of building activities. It was believed that the reduction of investment means, as provided by the draft of the decree would entail another reduction of the 1955 figures.

Comment: The right of the Praesidium of the Council of Ministers to alter the investment plan was maintained under article 18 of this decree.

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REPORT

CD NO.

COUNTRY East Germany

DATE DISTR. 24 February 1955

SUBJECT Probable Alteration of the 1954 Investment Plan

NO. OF PAGES 2

PLACE
ACQUIRED

NO. OF ENCLS.
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DATE OF INFO.

SUPPLEMENT TO
REPORT NO. 25X1

THIS IS UNEVALUATED INFORMATION

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2. The draft directed that articles 16 and 17 of "Anordnung zur Durchfuehrung des Investitionsplanes und Generalreparaturplanes" (Instructions for the Performance of the Investment Plan and General Repair Plan), dated 15 February 1954, and published in "Gesetzblatt der Deutschen Demokratischen Republik" (Gazette of the German Democratic Republic) No 22 of 25 February 1954, page 184, be cancelled, thus forbidding the investment and plan executives to decide on alterations of the investment plan.
- a. According to this draft, funds for displacements of industrial plants and parts of plants can no longer be transferred from the 1954 investment plan.
- b. Only displacements rendered necessary by damage (floods are excepted from this proviso). The draft also provides that all such damages must have been known in hand by the date [redacted] 1954. [redacted] of buildings [redacted] been initiated and for which no special account [redacted] at the [redacted] Bank (DIB) [redacted] discontinued. Only the [redacted] of [redacted] would be authorized to make any exceptions in the construction of new projects. The draft also included a general reduction of 20 percent of "miscellaneous items" in the 1954 investment plan.

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- c. The reductions mentioned under this paragraph (par.2) were estimated to be 118,000,000 eastmarks in the draft.
3. In addition to the above reductions, the investment plans of the various East German central authorities were also to make reductions amounting 110,000,000 eastmarks in 1954. The ministries mainly affected were the Ministry of Agriculture and Forestry, the Railroad Ministry, and the Ministry of Post and Telecommunications.
 4. It was believed that the intended reductions of the 1954 investment plan were mainly due to the necessity of balancing an error which occurred in the estimates of the funds for the raising of the living standard of the population. At the Fourth SED Party Meeting, the sum of 545,000,000 eastmarks in the 1954 budget had been promised for this purpose. It was learned, however, that only 203,000,000 eastmarks could be made available from budget funds, including 200,000,000 eastmarks from the profits gained by the national economy, and the remainder from reductions of the funds provided in the 1954 budget for physical culture and sports. The funds still lacking were to be balanced by cut in the 1954 investment plan, as the checking of investment expenses carried out at all ministries and state secretariate resulted in a total saving of 17,000,000 eastmarks. Since the reductions provided by the draft of the Praesidium of the Council of Ministers only amounted to 228,000,000 eastmarks, a total of 453,000,000 eastmarks only would be available for the raising of the living standard of the population instead of 545,000,000 eastmarks originally provided. It should also be remarked that the checking of the investment expenses performed in June and July 1954 was due to the reduction of the figures checked for 1955, and that this action already provided for the discontinuation of building activities. It was believed that the reduction of investment means, as provided by the draft of the decree, would entail another reduction of the 1955 figures.

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